COMPLETED
Y 4. F49: S. hrg 99-609

S. HRG. 99-609

NOMINATION OF J. ROGER MENTZ

177

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

NOMINATION OF

J. ROGER MENTZ TO BE ASSISTANT SECRETARY-DESIGNATE FOR TAX POLICY, DEPARTMENT OF THE TREASURY

APRIL 9, 1986

Printed for the use of the Committee on Finance

ORIGINAL

U.S. GOVERNMENT PRINTING OFFICE
60-614 O WASHINGTON : 1986

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

BEST COPY AVAILABLE

COMMITTEE ON FINANCE

BOB PACKWOOD, Oregon, *Chairman*

ROBERT J. DOLE, Kansas
WILLIAM V. ROTH, JR., Delaware
JOHN C. DANFORTH, Missouri
JOHN H. CHAFEE, Rhode Island
JOHN HEINZ, Pennsylvania
MALCOLM WALLOP, Wyoming
DAVID DURENBERGER, Minnesota
WILLIAM L. ARMSTRONG, Colorado
STEVEN D. SYMMS, Idaho
CHARLES E. GRASSLEY, Iowa

RUSSELL B. LONG, Louisiana
LLOYD BENTSEN, Texas
SPARK M. MATSUNAGA, Hawaii
DANIEL PATRICK MOYNIHAN, New York
MAX BAUCUS, Montana
DAVID L. BOREN, Oklahoma
BILL BRADLEY, New Jersey
GEORGE J. MITCHELL, Maine
DAVID PRYOR, Arkansas

WILLIAM DIEFENDERFER, *Chief of Staff*
WILLIAM J. WILKINS, *Minority Chief Counsel*

BEST COPY AVAILABLE

CONTENTS

NOMINEE

	Page
J. Roger Mentz	2

ADDITIONAL INFORMATION

Committee press release	1
Letters from the Office of Government Ethics	4
Prepared biographical data of J. Roger Mentz	5

BEST COPY AVAILABLE

NOMINATION OF J. ROGER MENTZ TO BE ASSISTANT SECRETARY-DESIGNATE FOR TAX POLICY, DEPARTMENT OF THE TREASURY

WEDNESDAY, APRIL 9, 1986

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The committee met, pursuant to notice, at 9:07 a.m. in room SD-215, Dirksen Senate Office Building, Hon. Bob Packwood (chairman) presiding.

Present: Senators Packwood, Long, and Bradley.

[The committee's press release follows:]

[Press Release No. 86-023]

PRESS RELEASE

For immediate release, April 4, 1986.
Contact: Anne Cantrel (202) 224-4515.

FINANCE COMMITTEE TO REVIEW MENTZ NOMINATION

The Senate Committee on Finance will review the nomination of Roger Mentz to be Assistant Secretary of the Treasury for Tax Policy at a hearing April 9, Chairman Bob Packwood (R-Oregon) announced today.

Senator Packwood said the nomination hearing is scheduled to begin at 9:00 a.m., Wednesday, April 9, 1986, in Room SD-215 of the Dirksen Senate Office Building.

The Mentz hearing will precede a previously announced Committee on Finance 9:30 a.m. mark-up of the Chairman's proposal on tax reform.

Mr. Mentz, 44 and a native of New York City, is currently Acting Assistant Secretary of Treasury for Tax Policy. He previously was Deputy Assistant Secretary for Tax Policy. From July 1974 to April 1985, he was a partner in the New York based firm of Mudge, Rose, Guthrie, Alexander and Ferdon.

Mr. Mentz earned a bachelor's degree at Princeton University and law degree at the University of Virginia.

The CHAIRMAN. The committee will come to order for the hearing on Roger Mentz as the Assistant Secretary of the Treasury for Tax Policy.

This is almost like carrying coals to Newcastle. The Acting Secretary has been before us for so long, as I told the audience the other day, I had forgotten he hadn't been confirmed.

And when he has indicated to me that the administration has sent forth the nomination, I really thought he was talking about something else and that he was being nominated for general counsel in Bermuda or something and was leaving us.

We do have with us today a member of this committee, Senator Bradley, who has some introductory remarks of the Secretary.

BEST COPY AVAILABLE

Senator LONG. Mr. Chairman, if I might just interject, one might think the administration was taking a considerable risk to wait all this time to get this name up here. You know, a lot of people when you meet them you don't like them, and when you know them you hate them. [Laughter.]

And they let us look this man over all this time. It might have beeen a serious risk.

I really think, though having gotten to know the man, I am ready to vote for him, unless Senator Bradley talks me out of it. [Laughter.]

The CHAIRMAN. Go ahead, Bill.

Senator BRADLEY. Thank you very much, Mr. Chairman.

I am very pleased to have the chance to introduce Roger Mentz to the Finance Committee. He has a number of things to his credit, not the least of which is he grew up in New Jersey, went to Princeton University, and lived in New Jersey until he took this job last year at the Treasury Department.

The office for which he has been nominated, the Assistant Secretary for Tax Policy, is one of the msot important positions in Government. It is an office that must be filled by someone whose educational and professional achievements leave no doubt as to his understanding of the Tax Code. But mastery of the technical details, by itself, is really not enough.

The Assistant Secretary must also display sound judgment and a keen sense of the larger policy issues involved in the writing of our tax laws.

Finally, he or she needs an ample store of patience and good humor just to survive the fractiousness that seems the inevitable component of the tax legislative process.

Perhaps at no time in this committee's history has so much responsibility fallen on an Assistant Secretary's shoulders. He has undertaken a very important endeavor in trying to reform our unfair and inefficient and unduly complicated tax system. And we will need all the help we can get from the Assistant Secretary in particular.

But weighty as this responsibility is, Roger Mentz is well qualified for the office. He has distinguished himself intellectually and professionally in the tax field and, more important, I believe, he will provide this committee with the technical expertise and mature judgment we need in the weeks ahead.

Most important, I am confident he will fulfill the Assistant Secretary's traditional role as an advocate for sound tax policy.

So, Mr. Chairman, it is with a great deal of pleasure and respect that I introduce an old friend, Roger Mentz, to the committee today for this official part of the proceeding.

The CHAIRMAN. Thank you. Mr. Secretary, any opening comments?

STATEMENT OF J. ROGER MENTZ, ASSISTANT SECRETARY-DESIGNATE FOR TAX POLICY, DEPARTMENT OF THE TREASURY

Mr. MENTZ. I would just like to say, Mr. Chairman, that it is my deepest honor to be before the Committee on Finance as a nominee for the office of Assistant Secretary for Tax Policy.

BEST COPY AVAILABLE

Thank you.

The CHAIRMAN. I might enter into the record a cartoon from The New Yorker that someone has given me.

It says: "In the case of J. Roger Mentz before this Senate Finance Committee," and the forewoman of the jury is standing up reading out the verdict, and she says: "We find the defendant not guilty, but not all that innocent either." [Laughter.]

[The cartoon follows:]

"We find the defendant not guilty but not all that innocent, either."

BEST COPY AVAILABLE

I might also say we have received a letter from the Director of the Office of Government Ethics, indicating the Secretary's compliance with the Ethics in Government Act; and the letter will be made a part of today's record.

Senator Long, any questions?

[The letter from the Office of Government Ethics and the résumé of Jr. Roger Mentz follows:]

United States of America
Office of Government Ethics

Office of Personnel Management
P.O. Box 14108
Washington, D.C. 20044

APR 8 19[illegible]

Honorable Robert Packwood
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by John R. Mentz, who has been nominated by President Reagan for the position of Assistant Secretary of the Treasury (Tax Policy).

We have reviewed the report and have also obtained advice from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Mr. Mentz has stated to this Office that he intends to recuse himself in any particular matter in which he knows his former law firm has a financial interest as a party or in which they represent a party.

Based on his stated intention, we believe Mr. Mentz is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

BEST COPY AVAILABLE

J. ROGER MENTZ
ASSISTANT SECRETARY-DESIGNATE
(TAX POLICY)
U.S. DEPARTMENT OF THE TREASURY

A. BIOGRAPHICAL:

1. Name:

J. Roger Mentz

2. Address:

2718 27th Street, N.W.
Washington, D.C. 20008

3. Date and Place of Birth:

March 10, 1942
New York, New York

4. Marital Status:

Married
Marilyn Ida (Knerr) Mentz

5. Names and Ages of Children:

Steven R. Mentz - 19
Tanna M. Mentz - 17

6. Education:

Maplewood Junior High School	1953-1956	
Columbia High School	1956-1959	
Princeton University	1959-1963	B.S.E.
University of Virginia School of Law	1963-1966	L.L.B.

7. Employment Record:

Summers--1957, 1958, 1959, 1960, 1961
Clerk
Workers Finance Co.
574 Orange Street
Newark, New Jersey 07107

June 1962 - August 1962
Lab Work
Allied Chemical Corporation
Morristown, New Jersey 07960

BEST COPY AVAILABLE

June 1963 - August 1963
Clerk
Workers Finance Company
574 Orange Street
Newark, New Jersey 07107

June 1964 - August 1964
Lab Work
Virginia Department of Highways
Charlottesville, Virginia 22901

June 1965 - August 1965
Law Clerk
Nixon Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

August 1966 - 1974
Associate
Mudge Rose Guthrie Alexander & Ferdon
180 Maiden Lane
New York, New York 10038

July 1974 - April 1985
Partner
Mudge Rose Guthrie Alexander & Ferdon
180 Maiden Lane
New York, New York 10038

1979-1980
Adjunct Associate Professor
New York University, LLM Program
Course: Foreign Tax I

8. Government Experience:

December 1985 to Present
Acting Assistant Secretary (Tax Policy)
Office of the Secretary
Department of the Treasury
Washington, D.C. 20220

April 1985 - December 1985
Deputy Assistant Secretary (Tax Policy)
Office of the Secretary
Department of the Treasury
Washington, D.C. 20220

BEST COPY AVAILABLE

9. Memberships:

New York State Bar - 1967

District of Columbia Bar - 1976

Member of Federal District Court
for the Southern District and
Eastern District of New York

Second Circuit; D.C. Court of Appeals

Chairman: April 1982 April 1983
Member of the Executive Committee: 1973-April 1985
New York State Bar Association Tax Section
One Elk Street
Albany, New York 12207

Member of Advisory Board: 1983-April 14, 1985
American Tax Institute in Europe
14, rue Jean Mermoz (7th floor)
75008 Paris, FRANCE

American Bar Association, Section of Taxation
1800 M Street, N.W.
Washington, D.C. 20036

Member of Advisory Board: November 1980-January 1986
Virginia Tax Review
Charlottesville, Virginia 22901

Social:

Canoe Brook Country Club
Summit, New Jersey 07901

Down Town Association
Sixty Pine Street
New York, New York 10005

Seaview Country Club
Absecon, New Jersey 08201

10. Political Affiliations and Activities:

Registered Republican. Modest campaign contributions to Republican candidates. Worked on the Nixon Campaigns in 1968 and 1972.

BEST COPY AVAILABLE

11. Honors and Awards:

Order of the Coif
Editorial Board, Virginia Law Review
Cum laude, graduate of Princeton University

12. Published Writings:

Please see attached.

BEST COPY AVAILABLE

PUBLICATIONS OF J. ROGER MENTZ

"Collateral Estoppel in Tax Fraud Proceedings"
Published: University of Virginia
51 Va. L. Rev. 1360 (1965)

"A Report on International Finance Subsidiaries"
Published: New York State Bar Association
Committee on Taxation of International Trade and Investment (Chairman of Subcommittee)
Reprinted: 28 Tax L. Rev. 443 (1973)

"Using the 30-70 Rule for Tax Planning"
Published: The International Tax Journal
1 Int'l. Tax J. 162 (1975)

"Comments on Proposals for Legislation to Change United States Income Taxation of Foreign Manufacturing Operations"
Published: New York State Bar Association
Committee on Controlled Foreign Corporations (Principal Draftsman)
Reprinted: 29 The Tax Lawyer 207 (1976)

"Sales of Goods Under the Section 482 Regulations"
Published: Fordham University School of Law
Corporate Law Institute - 1976 International Taxation and Transfer Pricing at 15

"U.S. Tax Aspects of Operating in Puerto Rico -- Maximizing the Tax Benefits"
Published: Tax Management Memorandum
February 1976

"Changes Affecting the Foreign Tax Credit"
Published: Practising Law Institute
The Tax Reform Act of 1976
November 1976

"The Effect of Net Operating Losses on the Foreign Tax Credit"
Published: The Tax Lawyer
30 The Tax Lawyer 309 (1977)

BEST COPY AVAILABLE

"Report on the Proposed Regulations under Section 367"
Published: New York State Bar Association
Committee on Foreign Activities of U.S. Taxpayers
(Coordinator and Principal Draftsman)
Reprinted: 34 Tax L. Rev. 79 (1978)

"Corporate Reorganizations of Non-U.S. Corporations - The New Section 367"
Published: The American Tax Institute in Europe
International Aspects of U.S. Taxation
November 1978

"Report on the Examples under Section 367(b)"
Published: New York State Bar Association
Committee on Foreign Activities of U.S. Taxpayers
Reprinted: 35 Tax L. Rev. 317 (1980)

"Asset Acquisitions of United States Business"
Published: The American Tax Institute in Europe
The 12th International Tax Planning Symposium
April 1980

"Leveraged Leasing and Tax-Exempt Financing of Major U.S. Projects"
Published: 58 TAXES 553 (1980)

"Foreign Entity Characterization - To Be Or Not To Be"
Published: New York University Institute
The 39th Annual Institute on Federal Taxation Proceedings at 32.00
June 1981

"The Collateral Tax Consequences of Investments in Municipal Obligations"
Published: 31st Tulane Tax Institute
September 1981

The Tax Club
October 1981

The American Tax Institute in Europe
International Aspects of U.S./European Taxation
November 1981

The Tax Lawyer
35 The Tax Lawyer ___ (1982)

BEST COPY AVAILABLE

"The Incorporation of Lawyers and Law Firms"
Published: New York State Bar Association
Special Committee of the Tax Section
(Coordinator and Principal Draftsman)
April 1982

"Special U.S. Tax Considerations for the Foreign Investor Doing Business in the U.S. -- ACRS Deductions, Safe Harbor Leasing, Finance Leasing and Tax-Exempt Financing"
Published: The American Tax Institute in Europe
New Developments in Euro-American Taxation
November 1982

"Reincorporation - At Long Last A Legislative Response"
Annual
Published: 43rd/NYU Institute on Federal Taxation,
Chapter 4 (1985)

BEST COPY AVAILABLE

Senator LONG. Mr. Mentz, I have been on this commitee for more than 30 years, serving both in the majority and in the minority. There has only been one person that I recommended for an appointment in the Treasury Department who actually got a job. That was Larry Woodworth, who served us as chief of staff of our Joint Tax Committee.

In fact, at that time, it was the Joint Committee on Internal Revenue and Taxation.

The poor fellow, he wanted to retire from Government, but I thought the Government needed him, so we put him in the job. With so many frustrations—mainly because of the White House—the pressure was so great on the poor man that he died in the job. He didn't last a term; but how is your health? [Laughter.]

Mr. MENTZ. Up until now, it has been fine. [Laughter.]

Senator LONG. Thank you very much.

The CHAIRMAN. This committee has been very lucky, and I think the administrations have been very lucky. After Larry died, they picked Don Lubick, and I thought Don did an excellent job.

And then, we had Buck Chapoton for 4 years. I thought Buck did an excellent job.

And so, you are following, I think, in very luminous footsteps; and so far, I have been very, very impressed with everything you have done.

The next 3 weeks, you poor devil, you are going to be here 5 and 6 hours a day, and we are going to be asking for instantaneous administration positions on some things probably the administration doesn't exactly have a position on.

But as soon as you say yes or no, that is going to bind the President. So, I hope you are prepared to speak rapidly and quickly.

Mr. MENTZ. You might not hear yeses and noes. [Laughter.]

The CHAIRMAN. Well, in that case, we will follow the common law concept that silence is acquiescence. [Laughter.]

Senator LONG. Mr. Chairman, if I might just ask one further question?

I see that Buck Chapoton is back there.

The CHAIRMAN. Is he back there?

Senator LONG. I was going to ask: Is Buck going to recommend this appointment?

Mr. CHAPOTON. I will recommend the appointment.

Senator LONG. Thank you.

The CHAIRMAN. Mr. Chapoton is recorded as aye. [Laughter.]

All right. We will stand in adjournment, until 9:30 a.m., when we will start marking up the energy and resources section and hopefully finish that and be able to do accelerated cost recovery also.

Mr. Secretary, you have about a 15-minute reprieve.

Mr. MENTZ. Thank you, Mr. Chairman.

[Whereupon, at 9:14 a.m., the meeting was adjourned.]

○

60-614 (15)

BEST COPY AVAILABLE